



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
LESLIE COUNTY SHERIFF**

Calendar Year 1999

**EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS
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EXECUTIVE SUMMARY

LESLIE COUNTY JAMES F. DAVIDSON, SHERIFF CALENDAR YEAR 1999 FEE AUDIT

We have completed our audit of the Leslie County Sheriff's statement of receipts, disbursements and excess fees for calendar year 1999 and have issued an unqualified opinion. It appears that the financial transactions of the Leslie County Sheriff's office were properly accounted for taken as a whole.

In addition, we tested for compliance with state laws and regulations. We noted the following issues relating to compliance:

- The Sheriff Should Require The Depository Institution To Pledge Or Provide Sufficient Collateral And Enter Into A Written Agreement To Protect Deposits
- The Sheriff Should Properly Bid Expenditures
- The Fiscal Court Should Provide Funding To Sheriff James F. Davidson In The Amount Of \$47,990 For Calendar Year 1999
- The Sheriff Should Collect Receivables Due To The Fee Account And Should Settle Unpaid Obligations Due From The Fee Account

Comments and recommendations that relate to former Sheriff Ford Bowling's unresolved deficit issues are included in Sheriff James F. Davidson's audit report because no other audit reports will be issued for former Sheriff Ford Bowling. This information is included as an appendix to the audit report to bring the unresolved deficit issue to the attention of the fiscal court and public.

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Edward B. Hatchett, Jr.
Auditor of Public Accounts

To the People of Kentucky
Honorable Paul E. Patton, Governor
Kevin Flanery, Secretary
Finance and Administration Cabinet
Mike Haydon, Secretary, Revenue Cabinet
Honorable Onzie Sizemore, Leslie County Judge/Executive
Honorable James F. Davidson, Leslie County Sheriff
Members of the Leslie County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of receipts, disbursements, and excess fees of the County Sheriff of Leslie County, Kentucky, for the year ended December 31, 1999. This financial statement is the responsibility of the County Sheriff. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the County Sheriff's office is required to prepare the financial statement on a prescribed basis of accounting that demonstrates compliance with the cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than generally accepted accounting principles. This cash basis system does not require the maintenance of a general fixed asset group or general long-term debt group of accounts. Accordingly, the accompanying financial statement is not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and excess fees of the County Sheriff for the year ended December 31, 1999, in conformity with the basis of accounting described above.

To the People of Kentucky
Honorable Paul E. Patton, Governor
Kevin Flanery, Secretary
Finance and Administration Cabinet
Mike Haydon, Secretary, Revenue Cabinet
Honorable Onzie Sizemore, Leslie County Judge/Executive
Honorable James F. Davidson, Leslie County Sheriff
Members of the Leslie County Fiscal Court

Based on the results of our audit, we have presented the accompanying comments and recommendations, included herein, which discuss the following areas of noncompliance:

- The Sheriff Should Require The Depository Institution To Pledge Or Provide Sufficient Collateral And Enter Into A Written Agreement To Protect Deposits
- The Sheriff Should Properly Bid Expenditures
- The Fiscal Court Should Provide Funding To Sheriff James F. Davidson In The Amount Of \$47,990 For Calendar Year 1999
- The Sheriff Should Collect Receivables Due To The Fee Account And Should Settle Unpaid Obligations Due From The Fee Account

In accordance with Government Auditing Standards, we have also issued a report dated December 5, 2000, on our consideration of the County Sheriff's compliance with certain laws and regulations and internal control over financial reporting.

Respectfully submitted,



Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
December 5, 2000

LESLIE COUNTY
JAMES F. DAVIDSON, SHERIFF
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES

Calendar Year 1999

Receipts

Federal Grants		\$	10,437
State Grants:			
Marijuana Strike Force	\$	1,923	
Kentucky Law Enforcement Foundation Program Fund		<u>7,463</u>	9,386
State Fees For Services:			
Finance and Administration Cabinet	\$	2,924	
Cabinet For Human Resources		<u>202</u>	3,126
Circuit Court Clerk:			
Sheriff Security Service	\$	7,006	
Fines and Fees Collected		<u>1,689</u>	8,695
Fiscal Court			2,463
County Clerk - Delinquent Taxes			8,742
Commission On Taxes Collected			114,123
Fees Collected For Services:			
Auto Inspections	\$	2,665	
Accident and Police Reports		92	
Carrying Concealed Deadly Weapon Permits		4,170	
Transporting Mental Patients		2,272	
Serving Papers		<u>14,093</u>	23,292
Other:			
Miscellaneous			1,048
Interest Earned			2,573
Borrowed Money:			
State Advancement			<u>27,961</u>
Gross Receipts (Carried Forward)		\$	<u>211,846</u>

LESLIE COUNTY
 JAMES F. DAVIDSON, SHERIFF
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES
 Calendar Year 1999
 (Continued)

Gross Receipts (Brought Forward)		\$	211,846
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Disbursements

Operating Disbursements and Capital Outlay:

Personnel Services-

Deputies' Gross Salaries	\$	110,482	
Overtime Gross Salaries		3,377	

Contracted Services-

Vehicle Maintenance and Repairs		10,302	
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Materials and Supplies-

Office Materials and Supplies		9,582	
Uniforms		8,669	

Other Charges-

Conventions and Travel		575	
Dues		300	
Postage		3,453	
Training		1,607	
Office Remodeling		2,700	
Mileage on Personal Vehicles		451	
Miscellaneous		32	
Carrying Concealed Deadly Weapon Permits		2,405	

Payment To Former Sheriff Ford Bowling		585	
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Capital Outlay-

Office Equipment	\$	8,197	
Investigative Equipment		6,299	
Vehicle Lease Payments		9,083	\$ 178,099

Debt Service:

State Advancement		27,961	
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Total Disbursements		\$	206,060
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LESLIE COUNTY
 JAMES F. DAVIDSON, SHERIFF
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES
 Calendar Year 1999
 (Continued)

Total Disbursements		\$	206,060
Less: Disallowed Disbursements			
Coffee	\$	(86)	
Donation		(25)	(111)
			<hr/>
Total Allowable Disbursements		\$	205,949
			<hr/>
Net Receipts		\$	5,897
Less: Statutory Maximum			53,639
			<hr/>
Balance		\$	(47,742)
Payment to County Treasurer - March 28, 2000			(248)
			<hr/>
Balance at December 31, 1999		\$	(47,990)
Contribution Due From Fiscal Court For Sheriff's Statutory Maximum			47,990
			<hr/>
Excess Fees Due County For Calendar Year 1999		\$	0
			<hr/>

The accompanying notes are an integral part of the financial statement.

LESLIE COUNTY
NOTES TO FINANCIAL STATEMENT

December 31, 1999

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

The financial statement has been prepared on a cash basis of accounting pursuant to KRS 68.210 as recommended by the State Local Finance Officer. Revenues and related assets are generally recognized when received rather than when earned. Certain expenses are recognized when paid rather than when a liability is incurred, including capital asset purchases. Certain other expenses are recognized when a revenue and the related asset can be associated with a corresponding liability due another governmental entity.

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 7.28 percent.

LESLIE COUNTY
NOTES TO FINANCIAL STATEMENT
December 31, 1999
(Continued)

Note 2. Employee Retirement System (Continued)

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report which is a matter of public record.

Note 3. Deposits

The Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. However, as of March 5, 1999, the collateral and FDIC insurance together did not equal or exceed the amount on deposit, leaving \$153,224 of public funds uninsured and unsecured. In addition, the Sheriff did not have a written agreement with the depository institution securing the Sheriff's interest in the collateral.

The county official's deposits are categorized below to give an indication of the level of risk assumed by the county official as of March 5, 1999:

	<u>Bank Balance</u>
Collateralized with securities held by pledging depository institution in the county official's name	\$ 1,720,000
Uncollateralized and uninsured	<u>153,224</u>
Total	<u><u>\$ 1,873,224</u></u>

Note 4. Leases

Commitments to the following lease agreements as of December 31, 1999 are:

Item	Monthly	Term of	Ending	Principal
Purchased	Payment	Agreement	Date	Balance
				December 31, 1999
Jeep Cherokee	\$ 644	36 months	June 2, 2002	\$ 18,103
Jeep Cherokee	\$ 644	36 months	June 2, 2002	\$ 18,103

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COMMENTS AND RECOMMENDATIONS

LESLIE COUNTY
JAMES F. DAVIDSON, COUNTY SHERIFF
COMMENTS AND RECOMMENDATIONS

Calendar Year 1999

STATE LAWS AND REGULATIONS:

1. The Sheriff Should Require The Depository Institution To Pledge Or Provide Sufficient Collateral And Enter Into A Written Agreement To Protect Deposits

On March 5, 1999, \$153,224 of the Sheriff's deposits of public funds were uninsured and unsecured. According to KRS 66.480(1)(d) and KRS 41.240(4), financial institutions maintaining deposits of public funds are required to pledge securities or provide surety bonds as collateral to secure these deposits if the amounts on deposit exceed the \$100,000 amount of insurance coverage provided by the Federal Deposit Insurance Corporation (FDIC). The Sheriff should require the depository institution to pledge or provide collateral in an amount sufficient to secure deposits of public funds at all times. We also recommend the Sheriff enter into a written agreement with the depository institution to secure the Sheriff's interest in the collateral pledged or provided by the depository institution. According to federal law, 12 U.S.C.A. § 1823(e), this agreement, in order to be recognized as valid by the FDIC, should be (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution

Sheriff's Response:

Now have written agreement good through February 2001 and is renewable.

2. The Sheriff Should Properly Bid Expenditures

The sheriff did not properly bid expenditures. During calendar year 1999, the sheriff purchased two vehicles in the amount of \$21,468 each that exceeded the bid threshold established under state law. KRS.424.260 states, "(1) Except where a statute specifically fixes a larger sum as the minimum for a requirement of advertisement for bids, no city, county, or district, or board or commissioner of a city or county, or sheriff or county clerk, may make a contract, lease, or other agreement for materials, supplies except perishable meat, fish, and vegetables, equipment, or for contractual services other than professional, involving an expenditure of more than ten thousand dollars (\$10,000) without first making newspaper advertisement for bids. (2) If the fiscal court requires that the sheriff or county clerk advertise for bids on expenditures of less than ten thousand dollars (\$10,000), the fiscal court requirement shall prevail . . . (4) This requirement shall not apply in an emergency if the chief executive officer of the city, county, or district has duly certified that an emergency exists, and has filed a copy of the certificate with the chief financial officer of the city, county, or district, or if the sheriff or the county clerk has certified that an emergency exists, and has filed a copy of the certificate with the clerk of the court where his necessary office expenses are fixed pursuant to KRS 64.345 or 64.530 . . ." In the future, we recommend that all expenditures be properly bid as required by state law.

Sheriff's Response:

Was advised that since vehicles were leased, that no bids were required. Will correct for future purchases.

LESLIE COUNTY
 JAMES F. DAVIDSON, COUNTY SHERIFF
 COMMENTS AND RECOMMENDATIONS
 Calendar Year 1999
 (Continued)

3. The Fiscal Court Should Provide Funding To Sheriff James F. Davidson In The Amount Of \$47,990 For Calendar Year 1999

During calendar year 1999, the sheriff's fee account expended \$47,990 more for allowable expenditures than it received in fees and other revenue receipts. This fiscal condition prevented the sheriff from generating enough net receipts to cover his full statutory maximum salary in accordance with the salary schedule set out in KRS 64.5275. KRS 64.535 states that "the sheriff shall receive a monthly salary of one-twelfth (1/12) of the amount indicated by the salary schedule in KRS 64.5275." This statute mandates that the sheriff is entitled to receive his statutory maximum salary, even if his office fails to generate sufficient fees and other revenues to cover all allowable expenses of his office, including the expense of the county sheriff's maximum salary as set out in the salary schedule in KRS 64.5275. Thus, because the sheriff's office has a revenue shortfall and is unable to pay all allowable expenses, including the expense of the sheriff's maximum salary out of the fees and other revenues generated by his office, it is the responsibility of the fiscal court to provide funding for the county sheriff's 1999 statutory maximum salary. The Leslie County Fiscal Court should fund the county sheriff's statutory maximum salary amount for calendar year 1999 by covering the county sheriff's office fee account revenue shortfall of \$47,990.

Sheriff's Response:

None.

4. The Sheriff Should Collect Receivables Due To The Fee Account And Should Settle Unpaid Obligations Due From The Fee Account

Our determination of fund balance reflects an available cash balance of \$753 at December 31, 1999. In addition, the sheriff's fee account is due receivables totaling \$91,345 and owes unpaid obligations totaling \$92,098 for calendar year 1999. The sheriff needs to collect the following receivables and then make the following payment to settle his calendar year 1999 fee account:

Receivables:

Due From Sheriff's Personal Funds For Disallowed Expenditures	\$ 111
Due From Sheriff's Personal Funds For Salary Overpayment	59
Commission Rollback Receivable Due From 2000 Fee Account	37,780
Unpaid Commission Due From 1998 Tax Account	5,405
Contribution Due From Fiscal Court	<u>47,990</u>

Total Receivables Due 1999 Fee Account	<u>\$ 91,345</u>
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Unpaid Obligations:

1997 Tax Commission Rollback Due To Former Sheriff	<u>\$ 92,098</u>
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LESLIE COUNTY
JAMES F. DAVIDSON, COUNTY SHERIFF
COMMENTS AND RECOMMENDATIONS
Calendar Year 1999
(Continued)

4. The Sheriff Should Collect Receivables Due To The Fee Account And Should Settle Unpaid Obligations Due From The Fee Account (Continued)

The receivables of \$91,345, combined with the available fee account cash balance of \$753, will make available total cash in the amount of \$92,098 to pay the 1997 tax commission rollback due to former Sheriff listed above. We recommend that the sheriff collect the receivables listed above and deposit them into the 1999 fee account as soon as possible. After all receivables have been collected, the current Sheriff should pay the former Sheriff the 1997 commission rollback in the amount of \$92,098 so that the former Sheriff can settle his prior year fee account unpaid liabilities and unpaid expenses as reflected in our prior year audit report.

Sheriff's Response:

None.

PRIOR YEAR:

We have noted uncorrected prior year issues that relate to former Sheriff Ford Bowling in Appendices A, B, and C.

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REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



Edward B. Hatchett, Jr. Auditor of Public Accounts

Honorable Onzie Sizemore, Leslie County Judge/Executive
Honorable James F. Davidson, Leslie County Sheriff
Members of the Leslie County Fiscal Court

Report On Compliance And On Internal Control Over Financial Reporting Based On An Audit Of The Financial Statement Performed In Accordance With Government Auditing Standards

We have audited the Leslie County Sheriff as of December 31, 1999, and have issued our report thereon dated December 5, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Leslie County Sheriff's financial statement as of December 31, 1999, is free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards which are described in the accompanying comments and recommendations.

- The Sheriff Should Require The Depository Institution To Pledge Or Provide Sufficient Collateral And Enter Into A Written Agreement To Protect Deposits
- The Sheriff Should Properly Bid Expenditures

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Leslie County Sheriff internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Honorable Onzie Sizemore, Leslie County Judge/Executive
Honorable James F. Davidson, Leslie County Sheriff
Members of the Leslie County Fiscal Court
Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards
(Continued)

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
December 5, 2000

FORMER SHERIFF FORD BOWLING

SCHEDULE OF EXCESS OF LIABILITIES OVER ASSETS

APPENDIX A

LESLIE COUNTY
FORMER SHERIFF FORD BOWLING
SCHEDULE OF EXCESS OF LIABILITIES OVER ASSETS

December 31, 1998

Assets

Cash in Bank		\$	9,804
Deposits in Transit			4,416
Receivables:			
1995 Tax Account-			
Tax Account Bank Loan Repaid			
From 1997 Fee Account			6,000
1997 Tax Commission Rollback Due From Current Sheriff			93,346
Interest Due From Property Tax Account-			
1996 Taxes	\$	2,375	
1995 Taxes		2,180	
1994 Taxes		3,600	
1993 Taxes		3,944	
1992 Taxes		2,527	
1990 Taxes		3,497	
1988 Taxes		3,850	21,973
Sheriff's Fees Due From Property Tax Account-			
1996 Taxes	\$	160	
1995 Taxes		214	
1994 Taxes		75	
1993 Taxes		75	
1992 Taxes		66	
1991 Taxes		156	
1990 Taxes		112	
1988 Taxes		85	943
Commissions Due From Property Tax Account-			
1995 Taxes	\$	545	
1994 Taxes		10,308	
1993 Taxes		1,744	
1992 Taxes		1,139	
1991 Taxes		2,931	
1990 Taxes		1,792	
1988 Taxes		1,135	19,594

LESLIE COUNTY
 FORMER SHERIFF FORD BOWLING
 SCHEDULE OF EXCESS OF LIABILITIES OVER ASSETS
 December 31, 1998
 (Continued)

Receivables: (Continued)

Commissions Due From Unmined Coal Tax Account-

1995 Unmined Coal Taxes	\$	1,482	
1994 Unmined Coal Taxes		1,187	
1992 and 1993 Unmined Coal Taxes		472	
1991 Unmined Coal Taxes		352	
1990 Unmined Coal Taxes		8	
1988 Unmined Coal Taxes		<u>3,508</u>	\$ 7,009

Interest Due From Unmined Coal Tax Account-

1995 Unmined Coal Taxes	\$	147	
1994 Unmined Coal Taxes		1,259	
1993 and 1992 Unmined Coal Taxes		<u>145</u>	1,551

Advertising Fees Due From Unmined Coal Tax Account-

1995 Unmined Coal Taxes	\$	8	
1994 Unmined Coal Taxes		<u>20</u>	28

Commissions Due From School-

1992 Taxes			<u>1,279</u>
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Total Assets			<u>\$ 165,943</u>
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Liabilities

Outstanding Checks			\$ 11,281
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Obligations Paid After December 31, 1998-

Carrying Concealed Deadly Weapon Permit	\$	200	
Telephone Expenses		27	
Petty Cash Items		341	
Payroll		<u>1,896</u>	\$ 2,464

Unpaid Obligations:

Leslie County-

Excess Fees-1998	\$	20,431	
Excess Fees-1996		8,348	
Excess Fees-1995		63,230	
Excess Fees-1994		42,223	
Excess Fees-1993		10,734	
Excess Fees-1992		5,988	
Excess Fees-1991		1,612	
Excess Fees-1990		3,418	
Excess Fees-1989		3,564	
Excess Fees-1987		<u>2,509</u>	162,057

LESLIE COUNTY
 FORMER SHERIFF FORD BOWLING
 SCHEDULE OF EXCESS OF LIABILITIES OVER ASSETS
 December 31, 1998
 (Continued)

Leslie County Board of Education-		
1990 Tax Commissions Reimbursed to Sheriff		
But Never Paid To School Board	\$	1,026
1996 Unmined Coal Tax Account-		
Interest Overpayment		4,696
1996 Tax Account-		
Commission Overpayment		4,591
1991 Tax Account-		
Interest Overpayment		2,395
Ford Bowling, Leslie County Sheriff-		
1992 Salary Due Sheriff		1,838
1993 and 1992 Unmined Coal Tax Account-		
Correction of Deposit Made in Error		8,569
Unmined Coal Tax Account-		
Reimbursement for Payroll Taxes Paid		<u>1,212</u>
Total Unpaid Obligations		<u>\$ 188,848</u>
Total Liabilities		<u>\$ 200,129</u>
Total Fund Deficit as of December 31, 1998		<u><u>\$ (34,186)</u></u>

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FORMER SHERIFF FORD BOWLING
COMMENTS AND RECOMMENDATIONS

Appendix B

LESLIE COUNTY
FORMER SHERIFF FORD BOWLING
COMMENTS AND RECOMMENDATIONS

Calendar Year 1998

1. Former Sheriff Ford Bowling Should Eliminate The Cumulative Deficit Of \$34,186 In His Official Bank Account

Based on available records, there was a cumulative deficit of \$34,186 in former Sheriff Ford Bowling's official bank account as of December 31, 1998. The deficit is primarily due to spending \$24,168 in excess of net receipts for calendar year 1997, disallowed disbursements of \$1,018 for calendar year 1997, and \$9,000 prior years' tax commissions not deposited to Sheriff's fee account. We recommend the following transactions be made to closeout the former Sheriff's fee account.

The former Sheriff needs to deposit these collections and make the following payments:

Deposits

Tax Commissions Rollback Due From Current Sheriff	\$ 93,346
Net Transfer Due From Property Tax Account	41,524
Net Collection Due From School Board	253
Balance Due From Former Sheriff's Personal Funds	<u>34,186</u>
Total Deposits	<u><u>\$ 169,309</u></u>

Payments

Leslie County Fiscal Court Excess Fees	\$ 162,057
Net Transfer To Unmined Coal Tax Account	5,889
Additional Salary Due Former Sheriff For 1992	<u>1,838</u>
Total Payments	<u><u>\$ 169,784</u></u>

The deposits of \$169,309, combined with the available fee account cash of \$475, will make available \$169,784 of cash for the payments listed above.

We note the fiscal court's responsibility under KRS 64.820(2) to collect amounts due the county from the former sheriff. In the event the fiscal court cannot collect the amount due the county from the former Sheriff without suit, the fiscal court shall then direct the county attorney to institute suit for collection of the amount reported by the auditor or certified public accountant to be due the county within ninety days from the date of receiving the auditor's or certified public accountant's report.

LESLIE COUNTY
 FORMER SHERIFF FORD BOWLING
 COMMENTS AND RECOMMENDATIONS
 Calendar Year 1998
 (Continued)

2. Former Sheriff Ford Bowling Should Pay \$162,057 Of Excess Fees To The Fiscal Court

Former Sheriff Ford Bowling owes excess fees for the following years:

1998	\$	20,431
1996		8,348
1995		63,230
1994		42,223
1993		10,734
1992		5,988
1991		1,612
1990		3,418
1989		3,564
1987		<u>2,509</u>
Total	\$	<u><u>162,057</u></u>

KRS 134.310 requires the Sheriff's office to make a settlement of excess fees with the fiscal court when he presents his tax settlement. We recommend former Sheriff Bowling pay excess fees promptly. These excess fees have been included as payments due in comment number one. On February 28, 1996, a civil action was filed by the Leslie County fiscal court against former Sheriff Bowling. The civil action asks for a judgment that the appropriate amount of tax money, advertising costs, interest, and fees due and owing be paid to each taxing district and that excess fees due the fiscal court be paid. We note that this civil action covers issues relating to 1987 through 1993 fee years. Since that time, our audits have revealed additional excess fees due. We recommend the fiscal court take action to resolve additional amounts as reported in our audits.

FORMER SHERIFF FORD BOWLING
CRIMINAL INDICTMENT AND CIVIL ACTION

APPENDIX C

LESLIE COUNTY
FORMER SHERIFF FORD BOWLING
CRIMINAL INDICTMENT AND CIVIL ACTION

On October 4, 1995, a three count indictment (95-CR-00056) was returned by the Leslie County Grand Jury charging former Leslie County Sheriff Ford Bowling with failing to properly account for and disburse tax money collected by his office. The indictment was dismissed without prejudice on January 26, 1998. On February 28, 1996, a civil action (96-CI-00043) was filed by the Leslie County fiscal court and other taxing districts against former Sheriff Ford Bowling and his bonding companies. The civil action asks for a judgment that the appropriate amount of tax money, advertising costs, interest, and fees due and owing be paid to each taxing district and that excess fees due the fiscal court be paid. No court date has been set.

